United Nations Industrial Development Organization

Distr.
LIMITED

ID/WG.406/6
6 December 1983

ENGLISH

Fourth Consultation
on the Fertilizer Industry

New Delhi, India, 23 - 27 January 1984

ISSUE NO. 2: PROGRAMME TO STRENGTHEN CO-OPERATION AMONG DEVELOPING COUNTRIES IN THE FERTILIZER INDUSTRY

Issue paper*

prepared by
the UNIDO Secretariat

---

* This document has been reproduced without formal editing.

V.83-64904

1. BACKGROUND

In accordance with the recommendations of the Third Consultation on the Fertilizer Industry and of the Bureau of the Third Consultation, UNIDO is presenting to the Fourth Consultation the background paper on this issue that reports the action and results obtained upon implementation, and provides its evolution from the First Consultation onwards.

In addition, a "draft directory of technological capabilities in developing countries related to the fertilizer industry" has been compiled.

2. THE DOCUMENT

Report to the Fourth Consultation; Programme to Strengthen Co-operation among Developing Countries in the Fertilizer Industry (ID/WG.406/4)

The main objective of this issue is to heighten the developing countries' awareness of each other's potential in fields of mutual interest, and establish a firm basis for increasing their self-reliance through a strenthened co-operation in the fertilizer industry.

Upon the recommendation of the Third Consultation, the Bureau of the Third Consultation was convened twice to advise UNIDO on the implementation of this issue. The Bureau recommended as priorities for phase I of the programme of co-operation the following three sub-programmes: training, exchange of experiences and identification of technological capabilities.

A survey on training needs and training capabilities in developing countries was carried out in 1981. The response received indicated that 20 out of 45 countries were in need of training, whilst four out of six countries confirmed their capabilities to train. From the latter, Indonesia was selected as host for the first in-plant group training for technical and supervisory staff of fertilizer industries from developing countries.

Arrangements are being completed to begin training about 10 to 15 trainees early in 1985.

An interregional meeting to exchange experiences in the construction and operation of fertilizer plants in developing countries was convened in December 1981, to define the scope and content of this programme. Upon its recommendation, two regional meetings of Asia and the Middle East and Latin America and the Caribbean respectively, were held in April 1983.

A number of suggestions to enhance the usefulness of this programme for operating companies and project teams were made. Its main objectives are to help increase the efficiency and operating rate of existing fertilizer capacity, to avoid unnecessary overspending in new plants or expansion/ modernization of existing plants, and to promote the possibility of future contacts for mutual assistance.

Concerning the technological capabilities of developing countries in the fertilizer industry, a pilot survey of five developing countries was carried out in 1982, to be followed by a major survey in 1983. The information received from 17 of the 30 countries surveyed coupled to information available in UNIDO, enabled the preparation of a draft directory of technological capabilities in developing countries related to the fertilizer industry.

The directory is expected to facilitate co-operation among developing countries, by heigthening their awareness of existing capabilities in the fertilizer or fertilizer-related industries in other developing countries. Currently, most developing countries rely almost solely on developed countries' expertise and equipment, although alternative expertise and some equipment may be available nearby in other developing countries.

3. THE ISSUE

The very large scope of the co-operation programme recommended by the Third Consultation made imperative its implementation by phases in order to become manageable and affordable.

UNIDO made a special effort to initiate and implement phase I of the programme, but it became clear that the Secretariat does not have the financial resources to continue this level of effort in the future, notwithstanding the excellent potential of the programme to obtain practical results in the near and long terms. Hence, there is a need to define more affordable alternatives which commit all the parties concerned.

The programme's potential is large indeed, considering that for every 1% of increase in the operating rate of fertilizer capacity existing in developing countries, which was about 44 million tons of nutrients in 1983, 0.4 million additional tons could be produced representing at least the output of a world-scale ammonia-urea complex worth US$ 350 million dollars, which would be saved.

Participants at the Fourth Consultation are invited to advice UNIDO on actions to be taken on the following:

(a) to examine the content of the exchange of experiences in the fertilizer industry programme and to advise the parties concerned on further steps to be taken for its development;

(b) to examine the draft directory of technological capabilities in developing countries related to the fertilizer industry and advise UNIDO on its completion, issuing and up-dating;

(c) to advise UNIDO on the establishment of an information network on the industry as suggested on paras. 41 (e) and (f) of the background paper to this issue, including the need for country and/or regional co-ordinators to provide inputs to the information network and to distribute the output to its respective members in governments and industry;

(d) to advise the parties concerned on the priorities and content of phase II of the programme to strengthen co-operation among developing countries in the fertilizer industry recommended by the Third Consultation;

(e) to advise UNIDO on means to financing the phase II of this programme, including contributions in kind.